CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015 and 2014

DAVIDSON & COMPANY LLP Chartered Accountants A Partnership of Incorporated Professionals

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
49 North Resources Inc.

We have audited the accompanying consolidated financial statements of 49 North Resources Inc., which comprise the consolidated statements of financial position as at December 31, 2015 and 2014, and the consolidated statements of income (loss) and comprehensive income (loss), changes in equity (deficiency) and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of 49 North Resources Inc. as at December 31, 2015 and 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

1200 - 609 Granville Street, P.O. Box 10372, Pacific Centre, Vancouver, B.C., Canada V7Y 1G6
Telephone (604) 687-0947 Fax (604) 687-6172

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about 49 North Resources Inc.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

April 28, 2016

49 North Resources Inc.
Consolidated Statement of Financial Position
(in thousands of Canadian dollars)
(See Note 1 – Description of business and going concern)

		December 31 2015		December 31 2014
ASSETS				
Current assets				
Cash and cash equivalents	$	1,010	$	2,696
Equity investments, at fair value (Note 3)		4,202		5,317
Loans and advances receivable (Note 4)		60		119
Income taxes receivable		10		-
Accounts receivable and prepaid expenses (Note 4)		5,584		3,488
		10,866		**11,620**
Non-current assets				
Exploration and evaluation assets (Note 5)		9,757		9,293
Property, plant and equipment (Note 6)		3,191		3,919
Total assets	**$**	**23,814**	**$**	**24,832**
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (Note 7)	$	7,500	$	6,898
Loan payable (Note 10)		685		-
Income taxes payable		-		30
		8,185		**6,928**
Non-current liabilities				
Convertible debentures (Note 8)		3,376		15,609
Subordinate debentures (Note 9)		581		-
Debt portion of preferred shares (Note 8)		807		-
Drilling advances (Note 10)		2,000		2,013
Decommissioning liabilties (Note 11)		1,595		1,000
Total liabilities		**16,544**		**25,550**
EQUITY (DEFICIENCY)				
Common shares (Note 13)		68,839		66,491
Preferred shares (Note 13)		3,064		-
Contributed surplus (Note 13)		4,704		4,117
Equity portion of convertible debentures (Note 8)		1,713		1,993
Equity portion of subordinate debentures (Note 9)		301		-
Deficit		(73,246)		(75,494)
Equity (deficiency) attributable to common shareholders		5,375		(2,893)
Non-controlling interests		1,895		2,175
		7,270		**(718)**
Total liabilities and equity (deficiency)	**$**	**23,814**	**$**	**24,832**

Commitments (Note 14)
Events after the reporting period (Note 17)

Approved on behalf of the Board

"Tom MacNeill"
Director

"Norman Betts"
Director

The accompanying notes are an integral part of these consolidated financial statements

49 North Resources Inc.

Consolidated Statement of Income (Loss) and Comprehensive Income (Loss)

(in thousands of Canadian dollars, except securities and per share amounts)

For the years ended December 31,		2015		2014
Revenues				
Geological and other consulting	$	11,503	$	12,485
Oil and gas sales		529		142
Realized losses on windup of consolidated subsidiaries		-		(145)
Realized losses on equity investments		(1,061)		(169)
Unrealized gains (losses) on equity investments		468		(2,181)
Interest and dividend income		298		1,240
		11,737		**11,372**
Expenses				
Amortization and depletion (Note 6)		81		106
Business and investor relations		400		466
Finance (Note 8)		1,616		2,159
General and administration		1,165		1,649
Management fees (Note 7)		417		227
Oil and gas operations		801		94
Professional fees		681		838
Project costs on geological and other consulting activities		9,322		9,880
Share based compensation (Note 13)		74		86
Transaction costs		28		19
Wages and benefits		1,049		1,827
		15,634		**17,351**
Gain on debenture extinguishment (Note 8)		12,801		-
Loss on disposal of property, plant and equipment		(7)		-
Writedown - exploration and evaluation assets (Note 5)		(29)		(9,310)
Writedown - property, plant and equipment (Note 6)		(1,420)		(2,117)
Income (loss) before income taxes		**7,448**		**(17,406)**
Current income tax expense (Note 12)		(108)		(11)
Deferred income tax recovery (Note 12)		-		1,012
Income (loss) and comprehensive income (loss) for the year	**$**	**7,340**	**$**	**(16,405)**
Income (loss) to common shareholders		7,654		(15,957)
Loss to non-controlling interest		(314)		(448)
Net income (loss) and comprehensive income (loss)	**$**	**7,340**	**$**	**(16,405)**
Basic and diluted income (loss) per share (Note 13)	**$**	**0.21**	**$**	**(0.73)**
Weighted average number of common shares outstanding - basic		**35,623,647**		**21,866,953**
Weighted average number of common shares outstanding - diluted		**36,048,113**		**21,866,953**

The accompanying notes are an integral part of these consolidated financial statements

49 North Resources Inc.

Consolidated Statement of Changes in Equity (Deficiency)

(in thousands of Canadian dollars)

	Attributable to the common shareholders							
	Common Share Capital	Preferred Share Capital	Contributed Surplus	Equity portion of debentures	Deficit	Total	Non-controlling interests	Total Equity (Deficiency)
Balance, January 1, 2014	**$ 65,871**	**$ -**	**$ 3,123**	**$ 1,993**	**$ (59,510)**	**$ 11,477**	**$ 2,397**	**$ 13,874**
Rights offering (Note 13)	689	-	-	-	-	689	-	689
Warrants issued (Note 13)	-	-	373	-	-	373	-	373
Changes in non-controlling interests	-	-	535			535	226	761
Share based compensation	-	-	86	-	-	86	-	86
Refundable taxes paid	-	-	-	-	(27)	(27)	-	(27)
Share issue costs (Note 13)	(69)	-	-	-	-	(69)	-	(69)
Net loss and comprehensive loss	-	-	-	-	(15,957)	(15,957)	(448)	(16,405)
Balance, December 31, 2014	**$ 66,491**	**$ -**	**$ 4,117**	**$ 1,993**	**$ (75,494)**	**$ (2,893)**	**$ 2,175**	**$ (718)**

	Common Share Capital	Preferred Share Capital	Contributed Surplus	Equity portion of debentures	Deficit	Total	Non-controlling interests	Total Equity (Deficiency)
Balance, January 1, 2015	**$ 66,491**	**$ -**	**$ 4,117**	**$ 1,993**	**$ (75,494)**	**$ (2,893)**	**$ 2,175**	**$ (718)**
2011 debenture restructure (Note 8)	2,049	2,457	-	(454)	(4,052)	-	-	-
2010 debenture restructure (Note 8)	299	607	-	475	(1,381)	-	-	-
Changes in non-controlling interests	-	-	495	-	-	495	34	529
Share based compensation	-	-	74	-	-	74	-	74
Warrants issued (Note 13)	-	-	18	-	-	18	-	18
Refundable taxes recovered	-	-	-	-	27	27	-	27
Net loss and comprehensive loss	-	-	-	-	7,654	7,654	(314)	7,340
Balance, December 31, 2015	**$ 68,839**	**$ 3,064**	**$ 4,704**	**$ 2,014**	**$ (73,246)**	**$ 5,375**	**$ 1,895**	**$ 7,270**

The accompanying notes are an integral part of these consolidated financial statements

49 North Resources Inc.
Consolidated Statement of Cash Flows
(in thousands of Canadian dollars)

For the years ended December 31,		2015		2014
Cash flows from Operating Activities				
Net income (loss)	$	7,340	$	(16,405)
Items not affecting cash				
Realized losses on windup of consolidated subsidiaries		-		145
Realized losses on disposal of property, plant and equipment		7		-
Realized losses on equity investments		1,061		169
Accretion of decommissioning liabilities		62		30
Amortization and depletion		81		106
Deferred income tax recovery		-		(1,012)
Accretion of debentures		515		666
Accrued dividends		44		-
Share based compensation		74		86
Gain on debentures extinguishment		(12,801)		-
Writedown - exploration and evaluation assets		29		9,310
Writedown - property, plant and equipment		1,420		2,117
Unrealized (gains) losses on equity investments		(468)		2,181
Net changes in non-cash working capital items related to operations (Note 18)		594		(2,515)
		(2,042)		**(5,122)**
Cash flows from Investing Activities				
Purchase of property, plant and equipment		(247)		(40)
Proceeds from disposal of property, plant and equipment		2		2
Purchase of equity investments		(1,302)		(1,981)
Proceeds from disposal of equity investments		1,824		1,301
Exploration and development		(593)		(3,476)
Loan receipts		672		2,000
		356		**(2,194)**
Cash flows from Financing Activities				
Issuance of common shares		-		1,893
Share issue costs		-		(105)
		-		**1,788**
Net change in cash and cash equivalents during the year		**(1,686)**		**(5,528)**
Cash and cash equivalents, beginning of year		2,696		8,224
Cash and cash equivalents, end of year	**$**	**1,010**	**$**	**2,696**
Non cash transactions:				
Common shares issued for convertible debenture	$	2,348	$	-
Preferred shares issued for convertible debenture	$	3,064	$	-
Revaluation of decommissioning liability	$	533	$	-
Exploration and evaluation costs remaining in accounts payable and accrued liabilities	$	286	$	386
Accrued receivable associated with exploration and evaluation costs	$	40	$	-
Receivable settled by issuance of shares	$	-	$	30
Interest paid in the year	$	2	$	1,584
Income taxes paid (recovered) in the year	$	148	$	(19)

The accompanying notes are an integral part of these consolidated financial statements

1. Description of business and going concern

Description of business

49 North Resources Inc. (the "Corporation") is a resource investment, financial, managerial and geological advisory company which, as its principal business, invests in a diversified portfolio of common shares and other securities of resource issuers including, without limitation, resource issuers engaged in mineral or oil and gas exploration and development, with a view to achieving capital appreciation of the portfolio. In addition, the Corporation may take control positions and play a management role in selected resource issuers and/or become directly or indirectly involved in the acquisition, development and commercialization of resource properties through one or more subsidiaries, joint ventures, farm-in or other arrangements that may be established for such purposes.

The Corporation is domiciled in the Province of Saskatchewan, Canada and its office address is at Suite 602 – 224 4th Avenue South, Saskatoon, Saskatchewan, Canada, S7K 5M5.

Going concern

These consolidated financial statements have been prepared on a going concern basis, which assumes the Corporation will be able to realize its assets and discharge its liabilities in the ordinary course of business. To date, the Corporation has incurred accumulated losses totalling $73,246. The Corporation recognized net income of $7,340 in the current year. The Corporation relies on cash flow from actively trading in its investment portfolio to fund corporate operations. The Corporation's continuance as a going concern is dependent upon its ability to generate cash flow from its portfolio of investments. Management is addressing the going concern issue through continued trading activities in our portfolio of investments and general corporate cost cutting measures.

The recoverability of the Corporation's portfolio of investments, including its investments in subsidiaries, is dependent upon continuance as a going concern. Additionally, the recoverability of the accumulated costs shown for mineral properties, oil and gas working interests and capital assets held in certain of its subsidiary companies is dependent upon the existence of economically recoverable reserves, future profitable production and on the respective subsidiary companies ability to obtain the necessary financing to fund their operations. The subsidiary companies rely on debt, equity and joint venture financings as well as cash flow from oil and gas activities to fund their corporate operations, including the exploration and evaluation of their properties.

There can be no certainty as to the ability of the Corporation to obtain sufficient financing to continue its operations including operation of its subsidiaries or for its subsidiary companies to recover their exploration and evaluation assets or to obtain sufficient financing to continue their operations. Accordingly, there is significant uncertainty as to the ability of the Corporation and its subsidiary companies to continue as going concerns.

These financial statements do not reflect any adjustments or other changes that may be required should the Corporation or any of its consolidated subsidiaries be unable to continue as a going concern. Such adjustments could be material.

2. Significant accounting policies

The significant accounting policies used in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented.

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The consolidated financial statements of the Corporation, which comprise 49 North Resources Inc. and all of its subsidiaries for the year ended December 31, 2015 were authorized for issuance by the Corporation's board of directors on April 28, 2016.

2. Significant accounting policies - continued

Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which have been measured at fair value. These financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Corporation as at December 31, 2015 and its consolidated subsidiaries. Control is achieved when the Corporation is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Corporation controls an investee if, and only if, the Corporation has all of the following:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

The Corporation reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Corporation obtains control over the subsidiary and ceases when the Corporation loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Corporation gains control until the date the Corporation ceases to control the subsidiary.

See Note 7 for listing of the Corporation's subsidiaries.

Business combinations

Business combinations are accounted for using the acquisition method; the acquired identifiable net assets are measured at their fair value at the date of acquisition. Any excess of the purchase price over the fair value of the net assets acquired is recognized as goodwill. Any deficiency of the purchase price below fair value is recognized as a gain in earnings. Associated transaction costs are expensed when incurred through profit or loss.

Investments in associate

Associates are those entities over which the Corporation has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Corporation holds a significant portion of the voting power of another entity, but can also arise where the Corporation holds less than a significant portion of the voting power but has the power to be actively involved and influential in policy decisions affecting the entity. Investments in associates are accounted for using the equity method.

2. Significant accounting policies - continued

Foreign currency translation

i) Functional currency
Items included in the financial statements of each of the Corporation's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates (the "functional currency"). The functional currency for the Corporation and its subsidiaries is the Canadian dollar ("Canadian dollar").

ii) Foreign currency transactions
Foreign currency transactions are translated into the Corporation's functional currency and its subsidiaries at exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of income (loss) and comprehensive income (loss).

iii) Foreign operations
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Canadian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Canadian dollars at the dates of the transactions. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange gains or losses of foreign operations are recognized in profit or loss.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Financial assets carried at amortized cost are assessed at each reporting date for any potential impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted using the original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment and is recognized in the consolidated statements of income (loss) and comprehensive income (loss).

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in the consolidated statements of income (loss) and comprehensive income (loss).

Purchases or sales of financial assets that require delivery of assets in a timeframe established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, which is the date that the Corporation commits to purchase or sell the asset.

The Corporation's financial assets include cash and cash equivalents, equity investments, loans and advances receivable and accounts receivable.

2. Significant accounting policies - continued

Financial instruments - continued

Fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments, as defined by International Accounting Standards ("IAS") 39.

The Corporation's equity instruments (which are designated as held for trading) are carried at fair value with net changes in fair value shown in the consolidated statements of income (loss) and comprehensive income (loss) as unrealized gains or losses on portfolio instruments. The fair value of those instruments is determined as follows:

Publicly traded companies
The fair value of any security which is listed or traded upon a stock exchange is estimated by taking the latest bid price. The fair value of investment funds and limited partnerships are recorded based on their published net asset value per unit or last bid price, as appropriate.

The market values can be impacted by trading volumes, restrictions and market price fluctuations, and the quoted market price may not be indicative of what the corporation could realize on the immediate sale as it may take an extended period of time to liquidate positions without causing a significant negative impact on the market price.

Privately held companies
The fair value of any shares which are not listed or traded in a stock exchange are originally recorded at cost, unless the shares are flow-through shares, in which case they are originally recorded either on an assessment of the most recent price at which the investee Corporation issued common equity without flow-through characteristics or at management's estimated fair value. After the initial transaction, adjustments are made to reflect any changes in fair value as a result of an independent third party transaction. Downward adjustments to the carrying values are also made when there is evidence of a decline in value, as indicated by an assessment of the financial condition of the investment based on operational results, forecasts and other developments.

Options and Warrants
For options and warrants which are not traded on a recognized securities exchange, no market value is readily available. When there are sufficient and reliable observable market inputs, the options and warrants are valued using the Black-Scholes option pricing model, otherwise they are recorded at their intrinsic value.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

The Corporation's loans and receivables are comprised of cash and cash equivalents, loans and advances receivable and accounts receivable.

2. Significant accounting policies - continued

Financial instruments - continued

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and are not classified in any of the previous categories of financial assets. Available-for-sale financial assets are recognized initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, these assets are measured at fair value and changes therein, other than impairment losses, are recognized in other comprehensive income (loss) and presented within equity. When an investment is derecognized through sale or has an impairment that is other than temporary, the cumulative gain or loss in other comprehensive income (loss) is transferred to profit or loss.

The Corporation does not have any financial assets that are classified as available-for-sale.

Held-to-maturity financial assets
If the Corporation has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses.

The Corporation does not have any financial assets that are classified as held-to-maturity.

Financial liabilities

Other financial liabilities
All financial liabilities are initially recorded at fair value and designated upon inception as fair value through profit or loss or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Corporation's accounts payable and accrued liabilities, drilling advances, loan payable and debt components of convertible debt and preferred shares are classified as other financial liabilities.

Financial liabilities classified as fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through profit or loss. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in profit or loss unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as fair value through profit or loss are recognized in profit or loss.

2. Significant accounting policies - continued

Financial instruments - continued

Compound financial instruments
A compound financial instrument is a non-derivative financial instrument that contains both a liability and an equity component. The Corporation accounted for its convertible debentures (Note 8) as compound financial instruments. The conversion feature is treated as an equity component and accounted for in compliance with IAS 32 and IAS 39 relating to initial recognition of compound instruments.

IAS 39 deals with the measurement of financial assets and liabilities. Equity instruments are instruments that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Therefore, when the initial carrying amount of a compound financial instrument is allocated to its equity and liability components, the equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. The value of any derivative features embedded in the compound financial instrument other than the equity component is included in the liability component.

The sum of the carrying amounts assigned to the liability and equity components on initial recognition is always equal to the fair value that would be ascribed to the instrument as a whole. No gain or loss arises from initially recognizing the components of the instrument separately.

The convertible debentures met the criteria to be accounted for as a compound instrument in accordance with IAS 32. As such, the Corporation has first determined the carrying amount of the liability component by measuring the fair value of a similar liability that does not have an associated equity component. The carrying amount of the equity instrument represented by the conversion feature has then been determined by deducting the fair value of the financial liability from the fair value of the compound financial instrument as a whole.

Debt modifications and extinguishments
An exchange between an existing borrower and lender of debt instruments with substantially different terms shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor) shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

If a debt modification is deemed to have been accomplished with debt instruments that are substantially different, the modification is accounted for as a debt extinguishment, whereby the Company must recognize currently in income the difference between the reacquisition price and the net carrying amount of the extinguished debt. Any fees paid by the debtor to the creditor are associated with the extinguishment of the old debt instrument and are included in determining the debt extinguishment gain or loss to be recognized.

If modification of terms is accounted for as an extinguishment of the original debt any costs or fees incurred is recognized as part of the gain or loss on the extinguishment. However, if modification is not accounted for as an extinguishment, any costs or fees incurred are an adjustment to the carrying amount of the liability will be amortized over the remaining term of the modified liability.

2. Significant accounting policies - continued

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts are expected to be recovered principally through a disposition rather than through continuing use. The assets or disposal groups are measured at the lower of their net book value and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognized in profit or loss.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statements of income (loss) and comprehensive income (loss).

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments with original maturities of three months or less, and which are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Exploration and evaluation assets

Pre-license costs

Pre-license costs are costs incurred before the legal rights to explore a specific area have been obtained. These costs are expensed in the period in which they are incurred as exploration and evaluation expense.

Exploration and evaluation ("E&E") costs

Once the legal right to explore has been acquired, costs directly associated with the exploration project are capitalized as either tangible or intangible exploration and evaluation assets according to the nature of the asset acquired. Such E&E costs may include undeveloped land acquisition, geological, geophysical and seismic, exploratory drilling and completion, testing, decommissioning and directly attributable internal costs. E&E costs are not depleted and are carried forward until technical feasibility and commercial viability of extracting a mineral resource is considered to be determined. The technical feasibility and commercial viability of a mineral resource is considered to be established when proved and/or probable reserves are determined to exist. All such carried costs are subject to technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the exploratory activity. When this is no longer the case, impairment costs are charged to profit or loss. Upon determination of proved and/or probable reserves, E&E assets attributed to those reserves are first tested for impairment and then reclassified to development and production assets within property, plant and equipment, net of any impairment. Expired land costs are also expensed to exploration and evaluation expense as they occur. Sales from drilling results are credited against the capitalized E&E costs.

Proceeds received from a partial sale or option of any interest in an exploration and evaluation asset are credited against the carrying value of the exploration and evaluation asset. When the proceeds exceed the carrying costs the excess is recorded in profit or loss in the period the excess is received.

E&E assets are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount, and upon transfer to property, plant and equipment whereby they are allocated to cash-generating units based on geographical proximity and other factors.

2. Significant accounting policies - continued

Farm-in and farm out arrangements

The Corporation, as farmee, recognizes its expenditures under farm-in arrangements in respect of its own interest and that retained by the farmor, as and when the costs are incurred. The farmee accounts for its expenditures under a farm-in arrangement in the same way as directly incurred E&E expenditures.

The Corporation, as farmor, accounts for the farm-out arrangement as follows; the farmor does not record any expenditure made by the farmee on its behalf, does not recognize any gain or loss on the farm-out arrangement, but rather re-designates any costs previously capitalized in relation to the whole interest as relating to the partial interest retained, any cash consideration received is credited against costs previously capitalized in relation to the whole interest with any excess accounted for by the farmor as a gain on disposal.

Property, plant and equipment ("PP&E")

Property, plant and equipment include the costs of development and production that are not E&E assets, and costs for corporate (office) assets. PP&E is recorded at cost less accumulated depletion and amortization and accumulated impairment losses, net of recovered impairment losses.

The Corporation does not hold any assets requiring a substantial period of time to get ready for intended use. Accordingly to date, no borrowing costs have been capitalized.

Oil and gas development and production assets

Development and production assets are capitalized on an area-by-area basis and include all costs associated with the development and production of oil and natural gas reserves. These costs may include proved property acquisitions, development drilling (including unsuccessful or delineation wells), completion, gathering and infrastructure, decommissioning costs, amounts transferred from E&E assets and directly attributable internal costs.

Expenditures to renew or improve the productive capacity or extend the life of an asset are capitalized. Maintenance and repairs are expensed as incurred.

Any gains or losses from the divestiture of development and production assets are recognized in profit or loss. Accumulated costs are depleted using the unit-of-production method based on estimated proved plus probable reserves. Costs subject to depletion include estimated future costs to be incurred in developing proved plus probable reserves and exclude residual amounts. Depletion is calculated based on individual components (i.e. fields or combinations thereof and other major components with different useful lives).

Other assets

Other capital assets are recorded at cost and are amortized using the declining balance method. On acquisitions during the year, amortization is calculated at one-half the annual rate. Annual amortization rates are as follows:

Automotive	30%
Buildings	10%
Computers	30% and 35%
Computer software	100%
Furniture and equipment	30%
Gas line	4%
Leasehold improvements	20%
Processing facility	10%

2. Significant accounting policies - continued

Impairment of non-current assets

The carrying amounts of the Corporation's non-current assets are reviewed at each reporting date for indicators of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the amount of the impairment, if any. The recoverable amount of an asset is evaluated at the Cash Generating Unit ("CGU") level, which is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The recoverable amount of a CGU is the greater of its fair value less costs to sell and its value in use. Fair value less cost to sell is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties, less the costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized in earnings for the period to the extent that the carrying amount of the asset (or CGU) exceeds the recoverable amount.

Impairment losses recognized in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset (or CGU) does not exceed the carrying amount that would have been determined, net of depletion and amortization, had no impairment loss been recognized for the asset (or CGU).

A reversal of an impairment loss is recognized immediately in profit or loss.

E&E assets are assessed for impairment when they are reclassified to property, plant and equipment, or if facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Provisions

Provisions are recorded when the Corporation has a present obligation as a result of a past event, it is probable that an outflow of resources will be required and a reliable estimate can be made of the amount of the obligation. Provisions are measured based on the discounted expected cash flows.

Decommissioning liabilities are recognized for the future legal or constructive obligation to abandon and reclaim the Corporation's oil and natural gas properties. The amount of the decommissioning liabilities represents the net present value of the estimated future expenditures required to abandon and reclaim the Corporation's net ownership in wells and facilities determined in accordance with local conditions, current technology and current requirements. The liabilities are calculated using currently estimated abandonment and reclamation costs inflated to the estimated decommissioning date and then discounted using a risk-free discount rate. A liability is recorded in the period in which an obligation arises with a corresponding decommissioning cost added to the carrying amount of the related asset. The liability is progressively accreted over time as the effect of discounting unwinds, creating an accretion expense which is recognized as part of finance expense. The related decommissioning cost capitalized in property, plant and equipment is depreciated in a manner consistent with the depletion and depreciation of the underlying asset.

Changes in the estimated liability resulting from revisions to estimated timing of decommissioning, expected amount of cash flows or changes in the discount rate are recognized as a change in the decommissioning liability and the related decommissioning cost. Actual decommissioning expenditures incurred are charged against the accumulated liability to the extent recorded.

2. Significant accounting policies - continued

Income taxes

Income tax expense is comprised of current and deferred income taxes. Current income tax and deferred income tax are recognized in profit or loss, except to the extent that they relate to items recognized directly in equity or equity investments.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax liabilities and assets, and they relate to income taxes levied by the same tax authority for the same taxable entity. A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related income tax benefit will be realized.

Share capital

Common shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a reduction of equity, net of any tax effects.

The Corporation has adopted a relative fair value method with respect to the measurement of shares and warrants issued as private placement units. The relative fair value method allocates value to each component on a pro-rata basis, based on the fair value of the components calculated independently of one another. The Company considers the market value of the common shares issued as fair value, and measures the fair value of the warrant component of the unit using the Black-Scholes option pricing model. The unit value is then allocated, pro-rata, between the two components, with the fair value attributed to the warrants being recorded to warrant reserve.

Preferred shares

The Corporation's preferred shares contain a contractual obligation whereby the Corporation is required to pay a cumulative annual mandatory dividend. Accordingly, part of their value has been classified as a financial liability.

The liability component of the preferred shares is accounted for using the effective interest rate method, using an interest rate of 12%.

2. Significant accounting policies - continued

Share based payments

The Corporation has a stock option plan that provides for the granting of options to Officers, Directors, related Corporation employees and consultants to acquire shares of the Corporation. The fair value of the options is measured on grant date and is recognized as an expense with a corresponding increase in contributed surplus as the options vest.

Options granted to employees and others providing similar services are measured at grant date at the fair value of the instruments issued. Fair value is determined using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest. Each tranche in an award with graded vesting is considered a separate grant with a different vesting date and fair value. Each grant is accounted for on that basis.

Options granted to non-employees are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The value of the goods or services is recorded at the earlier of the vesting date, or the date the goods or services are received.

On vesting, share based payments are recorded as an operating expense and as contributed surplus. When options are exercised the consideration received is recorded as share capital. In addition, the related share based payments originally recorded as contributed surplus are transferred to share capital.

Earnings (loss) per share ("EPS")

Basic EPS amounts are calculated by dividing net income (loss) attributable to common shareholders of the corporation by the weighted average number of common shares outstanding during the period. Diluted EPS amounts are calculated with consideration given to convertible preferred shares, stock options and warrants, and assumes that any proceeds received on exercise of options or warrants would be used to purchase common shares at the average market price during the period. Diluted EPS amounts also include exchangeable shares using the "if-converted" method to determine the dilutive effect of convertible and subordinate debentures, whereby it is assumed the conversion of the exchangeable shares occurs at the beginning of the reporting period (or at the time of issuance, if later) where applicable. The weighted average number of common shares outstanding is then adjusted by the net change.

Segment reporting

An operating segment is a component of the Corporation that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that related to transactions with any of the Corporation's other segments.

To be classified as a segment, discrete financial information must be available and operating results must be regularly reviewed by the Corporation's Chief Executive Officer.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, exploration and evaluation assets and other intangible assets other than goodwill.

2. Significant accounting policies - continued

Revenue recognition

Security transactions are recorded on a trade basis. Realized gains and losses on the disposal of investments and unrealized gains and losses in the value of investments are reflected in the statement of income (loss) and comprehensive income (loss). Cost is calculated on an average cost basis. Upon disposal of an investment, previously recognized unrealized gains or losses are reversed, so as to recognize the full realized gain or loss in the period of disposition. All transaction costs are expensed as incurred.

- Geological and other consulting revenue is recognized as the services are provided to the client.
- Production revenue is recognized when the oil and gas is delivered to the buyer.
- Interest, rental and dividend income are recognized on an accrual basis.

Revenue is recognized when it is probable that the economic benefits will flow to the Corporation and delivery has occurred, the sale price is fixed or determinable, and collectability is reasonably assured. Revenue is measured based on the sales contract.

Significant accounting judgments, estimates and assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. The information about significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements are:

- fair value of investment in securities not quoted in an active market or private Corporation investments;
- the recoverable amounts of CGUs used in impairment testing of long-lived assets including estimates of reserves and resources, future commodity prices, production costs, foreign exchange rates, discount rates, inflation and income tax rates;
- the determination of useful lives, units of production and residual values of property, plant and equipment;
- the fair value of share based compensation determined using the Black-Scholes option pricing model using estimates for expected forfeitures, useful life and stock volatility;
- the provision for deferred income taxes based on estimated tax bases using substantively enacted tax rates expected to apply to taxable income during the years in which the differences are expected to be recovered or settled; and
- amounts recorded for decommissioning liabilities including estimates around timing and amount of expenditures required to settle liabilities and the risk free discount rate used.
- As described in Note 8, when the terms of convertible debentures are modified, it is often accounted for as a de-recognition of the carrying value of the pre-modified loan and the new recognition of a new loan at the then fair value. In the determination of fair value, the Corporation uses a discounted cash flow technique which includes inputs that are not based on observable market data and inputs that are derived from observable market data. In the case of its convertible debenture modifications, where available, the Corporation seeks comparable interest rates. If unavailable, it uses those considered appropriate for the risk profile of a corporation in the industry.

In the process of applying the Corporation's significant accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

2. Significant accounting policies - continued

Reserves Estimates
Reserve engineering is an inherently complex and subjective process of estimating underground accumulations of petroleum and natural gas. The process relies on interpretations of available geological, geophysical, engineering and production data. The accuracy of a reserves estimate is a function of the quality and quantity of available data, the interpretation of that data, the accuracy of various economic assumptions and the judgment of those preparing the estimate. Because these estimates depend on many assumptions, all of which may differ from actual results, reserves estimates and estimates of future net revenue may be different from the sales volumes ultimately recovered and net revenues actually realized. Changes in market conditions, regulatory matters and the results of subsequent drilling, testing and production may require revisions to the original estimates. Estimates of reserves impact: (i) the assessment of whether or not a new well has found economically recoverable reserves; (ii) depletion rates; and (iii) the determination of the realizable value of oil and gas properties for impairment tests, all of which could have a material impact on profit or loss.

Impairment of Non-Financial Assets
Amounts used for impairment testing and calculations are based on estimates of future commodity prices, expected volumes, quantity of reserves and discount rate as well as future development costs and operating costs. These calculations require the use of estimates and assumptions which, by their nature, are subject to measurement uncertainty. In addition, judgment is exercised by management as to whether there have been indicators of impairment or impairment reversal. Indicators of impairment or impairment reversal may include, but are not limited to a change in: market value of assets, estimate of future prices and costs, a change in estimated quantity of reserves and appropriate discount rate. Management will determine whether a change in one or more indicators of impairment or impairment reversal results in a change in the estimated recoverable amount of the asset. Accordingly, the impact in the financial statements of future periods could be material.

Exploration and Evaluation Expenditures
The application of the Corporation’s accounting policy for exploration and evaluation expenditure requires judgment to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

Income taxes
The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

New accounting pronouncements
Certain new accounting standards and interpretations have been published that are mandatory for the December 31, 2015 reporting year. None of the new standards adopted in the year had a material impact on the Corporation’s consolidated financial statements.

2. Significant accounting policies - continued

Future accounting pronouncements
The following are new and revised accounting pronouncements that have been issued but are not yet effective:

IFRS 5, Non-current Assets Held for Sale and Discontinued Operations
IFRS 5 has been amended to add specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued. These amendments are effective for annual periods beginning January 1, 2016.

IFRS 15, Revenue from Contracts with Customers
In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted.

IFRS 9 Financial Instruments
IFRS 9 addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized costs and fair value through profit and loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit and loss or at fair value through other comprehensive income. This standard is effective of annual periods beginning on or after January 1, 2018.

The Corporation is currently assessing the impact that these new and revised accounting pronouncements will have on the consolidated financial statements.

3. Equity investments

As at December 31, 2015 and 2014, the Corporation's investments consist of equity interests in companies in the following industries:

	December 31, 2015		December 31, 2014	
	Cost	**FMV**	**Cost**	**FMV**
Base and Precious Metals	$ 14,291	$ 1,598	$ 14,722	$ 1,914
Coal	2,059	85	5,961	229
Diamonds	716	505	282	173
Oil & Gas	7,108	565	4,076	954
Other	2,852	1,334	3,525	1,853
Uranium	1,046	115	1,049	194
	$ 28,072	**$ 4,202**	**$ 29,615**	**$ 5,317**

The equity investments consist of investment in common shares of corporations of which 63.70% (2014 – 63.55%) are listed on the TSX-V, 16.59% (2014 – 27.54%) are private, 12.02% (2014 – 3.07%) are listed on the TSX and 7.69% (2014 – 5.84%) are listed on the Canadian Securities Exchange ("CSE") as of December 31, 2015.

3. Equity investments - continued

As in prior years, an analysis of fair value was prepared for the private investments held in the portfolio. The analysis used comparable entities public corporation stock prices, observable index comparisons, transaction prices for same or similar instruments and information from brokers and other analysis. Based on this review, management has recorded a $652 (2014 - $262) unrealized loss on certain private Corporation investments.

4. Loans, advances, accounts receivable and prepaid expenses

Loans and advances receivable

	December 31, 2015	December 31, 2014
Unrelated corporations	$ 60	$ 118
Unrelated individual	-	1
	$ 60	**$ 119**

The loans to unrelated corporations bear no interest and are due on demand.

Accounts receivable and prepaid expenses

	December 31, 2015	December 31, 2014
Trade accounts receivable	$ 4,820	$ 2,813
Sales tax receivable	10	55
Other receivable	587	497
Prepaid expenses	167	123
	$ 5,584	**$ 3,488**

The aging of accounts receivables at the reporting date was:

	December 31, 2015	December 31, 2014
Not past due	$ 1,461	$ 2,003
Past due 0 - 30 days	1,508	719
Past due 31+ days	1,851	91
	$ 4,820	**$ 2,813**

During the year ended December 31, 2015, the Corporation recognized a recovery of previously recognized impairment losses of $75 (2014 – impairment loss of $82) in respect of trade accounts receivable.

5. Exploration and evaluation assets

	Saskatchewan oil & gas	British Columbia	Quebec	Yukon	Total
Balance, January 1, 2014	**$ 11,293**	**$ 6,400**	**$ 2,253**	**$ 208**	**$ 20,154**
Additions	3,339	286	198	-	3,823
Net results of sample sales	48	-	-	-	48
Impairment	(9,263)	-	(47)	-	(9,310)
Reclass to property, plant and equipment	(5,417)	-	-	-	(5,417)
Disposal	-	-	-	(5)	(5)
Balance, December 31, 2014	**$ -**	**$ 6,686**	**$ 2,404**	**$ 203**	**$ 9,293**
Additions	-	326	171	-	**497**
Option payment received	-	-	-	(4)	**(4)**
Impairment	-	(29)	-	-	**(29)**
Balance, December 31, 2015	**$ -**	**$ 6,983**	**$ 2,575**	**$ 199**	**$ 9,757**

Saskatchewan oil & gas

The Corporation, through its subsidiary Allstar Energy Limited ("Allstar"), controls approximately 23,092 acres of land with 100% of the rights to explore for, and develop petroleum and natural gas.

During the year ended December 31, 2014, an impairment test was carried out on the Corporation's oil & gas assets, which it treats as a single CGU resulting in a $9,263 impairment expense recognized in net loss. Subsequent to the initial impairment recorded on the exploration and evaluation assets, the remainder of the oil and gas assets were transferred to property, plant and equipment in accordance with the Corporation's significant accounting policy.

For the purpose of impairment testing, the recoverable amounts of E&E were determined using internal estimates of the fair value of undeveloped land based on land sales and industry activity in the area using comparable market transactions. The recoverable amount was estimated as the fair value less costs to dispose using the inputs described below:

- Before tax value from oil and natural gas proved plus probable reserves estimated by the Corporation's independent qualified reserves evaluator, discounted at 10%;
- Forecast commodity prices, as outlined in the table below; and
- Internal estimates of the fair value of undeveloped land using land sales and comparable market transactions in the area.

5. Exploration and evaluation assets - continued

Saskatchewan oil & gas - continued

The following projected prices for oil and natural gas were used for asset impairment tests, based on the expected prices for Western Canadian Select oil used by the Corporation's independent reserves evaluator less a 10% discount:

Year	Oil Price
2015	$ 74.07
2016	$ 75.51
2017	$ 76.23
2018	$ 77.31
2019	$ 78.39

Impairment tests were carried out on the carrying amount of the CGU's exploration and evaluation assets comparing these to the recoverable amounts of those assets. The fair value of exploration and evaluation assets was calculated using level 3 inputs on the fair value hierarchy. The result of the analysis was a $9,263 impairment of the exploration and evaluation assets. This impairment was recorded to net loss and may be reversed in future periods if there is significant indication that an impairment loss recognized in prior periods no longer exists or may have decreased, but only to the extent of what the carrying amount would have been had no impairment been recognized.

A 5% increase in the assumed discount rate of 10% would result in an additional impairment of $488, whereas a 5% decrease in discount rate would result in a $611 decrease to the impairment. Similarly, a 5% increase in expected oil price would result in a $21 decrease to the impairment, whereas a 5% decrease in expected oil price would result in a $21 increase to the impairment.

There were no changes to the Corporation's oil and gas exploration balances during the year ended December 31, 2015.

British Columbia properties

Wingdam Property
The Corporation, through its 64% ownership of Omineca Mining and Metals Ltd. ("OMM"), owns a 100% undivided interest in certain mineral rights located in the province of British Columbia, subject to a 1% net smelter royalty ("NSR"). The Corporation has the ability to acquire the rights to the NSR from the holder at any time with a cash payment of $1,000. After the completion of the extraction of a bulk sample, the Wingdam project was put into a care and maintenance mode in August of 2012. During the care and maintenance period, the Corporation is required to carry out a program of site monitoring and maintenance prescribed in permits issued by agencies governing mining in the Province of British Columbia.

5. Exploration and evaluation assets - continued

Quebec properties

The Corporation, through its 32% ownership of its subsidiary Gespeg, holds an interest in certain mineral rights related to copper, molybdenum, industrial metals and quarry product properties in the Gaspe region of the Province of Quebec. Gespeg is committed, through an option agreement, to conduct exploration work representing capital expenditures in the amount of $1,200 over the next two years.

In conjunction with the review for impairment at year-end, the Corporation made the decision not to continue with exploration on certain of its Quebec properties and allowed them to lapse subsequent to the year ended December 31, 2014. As such, an impairment loss of $nil (2014 - $47) was recorded on the property, representing the full carrying value of these specific properties. Gespeg remains committed to completing further exploration work on the remaining properties. As such, no further impairment was deemed necessary as at December 31, 2015.

Yukon Properties

Kiwi Project

The Corporation, through its 64% ownership of OMM, owns a 100% interest in the Kiwi Project in the Yukon Territory. In 2013, OMM completed an option agreement with HFX Holding Corp, ("HFX"), whereby HFX can acquire a 100% interest in the Kiwi project by making $320 in cash payments and issuing 800,000 common shares to OMM over six years. OMM will retain a 2% NSR on the project, which may be reduced to 1% upon payment of $1,000 in cash.

Cash payments	Share payments	Due date
$30	50,000	July 12, 2013 (received)
$ -	100,000	July 12, 2014 (received)
$ -	100,000	July 12, 2015 (received)
$50	150,000	July 12, 2016
$50	150,000	July 12, 2017
$75	250,000	July 12, 2018
$75	-	July 12, 2019
$320	800,000	Total

The carrying value of the Kiwi project at December 31, 2015 is $199.

6. Property, plant and equipment

	Total	Oil & gas interests	Other Corporate Assets
Cost:			
Balance at January 1, 2014	$ 1,242	$ 350	$ 892
Additions	40	-	40
Dispositions	(5)	-	(5)
Reclass from exploration and evaluation	5,417	5,417	-
Write down of carrying amount	(2,117)	(2,117)	-
Balance at December 31, 2014	4,577	3,650	927
Additions	780	728	52
Dispositions	(48)	-	(48)
Write down of carrying amount	(1,420)	(1,420)	-
Balance at December 31, 2015	**3,889**	**2,958**	**931**
Accumulated depletion and amortization:			
Balance at January 1, 2014	555	-	555
Depletion/amortization expense	106	-	106
Dispositions	(3)	-	(3)
Balance at December 31, 2014	658	-	658
Depletion/amortization expense	81	2	79
Dispositions	(41)	-	(41)
Balance at December 31, 2015	**$ 698**	**$ 2**	**$ 696**
Total balance at December 31, 2014	**$ 3,919**	**$ 3,650**	**$ 269**
Total balance at December 31, 2015	**$ 3,191**	**$ 2,956**	**$ 235**

The Corporation, through a working interest agreement with a private Saskatchewan oil and gas Corporation, has a 50% working interest in two oil and gas wells in Southeast Saskatchewan.

Petroleum properties

As at December 31, 2014 the Corporation determined that certain impairment indicators were present in regards to the oil and gas assets held by Allstar that were previously transferred from E&E assets (Note 5). Accordingly, the Corporation wrote down the value of these assets in the amount of $2,117. This impairment was recorded in net loss and may be reversed in future periods if there is significant indication that an impairment loss recognized in prior periods no longer exists or may have decreased, but only to the extent of what the carrying amount would have been had no impairment been recognized. The wells associated with the amount recorded in 2014 continues to produce at the same levels as in prior years.

Subsequent to the year ended December 31, 2015, the shareholders of Westcore Energy Ltd. ("Westcore"), a related party, approved the transaction to acquire all of the oil and gas properties of Allstar, which includes certain working interests held directly by the Corporation. While the transaction is still awaiting exchange approval, it is expected to close in the second quarter of fiscal 2016.

Also subsequent to year end, the Corporation closed a transaction to dispose of its 50% working interest with a private Saskatchewan oil and gas corporation.

In conjunction with these two transactions, an impairment charge on the petroleum properties and equipment was recorded at December 31, 2015 to bring the carrying value of the properties to the value received or receivable in these transactions less estimated costs to sell.

7. Corporation Information and Related party transactions

Information and subsidiaries
The consolidated financial statements of the Corporation include:

Name of subsidiary	Principal activities and country of incorporation	% of Equity 2015	2014
Allstar Energy Limited	Canadian incorporated oil and gas exploration Corporation	100%	100%
Omineca Mining and Metals Ltd.	Canadian incorporated gold exploration Corporation	64.3%	69.6%
Gespeg Copper Resources Inc.	Canadian incorporated copper exploration Corporation	32.2%	36.2%
North Rim Exploration Ltd.	Canadian incorporated geological consulting Corporation	50%	50%
Vicarage Capital Limited.	United Kingdom incorporated investment banking and consulting Corporation	50%	50%

The Corporation's common share voting percentage of Gespeg Copper Resources Inc, decreased below 50%, which is one element of determining control, during the year ended December 31, 2014. Despite the decrease of voting control below this threshold, the Corporation continues to consolidate the subsidiary for the following reasons; common directors, common management, and combined with common management and directors voting control can be exercised.

Compensation of key executive personnel

	December 31, 2015	December 31, 2014
Management fees to officers	$ 409	$ 227
Salaries to officers	88	194
Directors' fees	-	-
Share based compensation to directors and officers	52	58
	$ 549	$ 479

7. Corporation Information and Related party transactions - continued

Compensation of key executive personnel - continued

TMM Portfolio Management Inc. ("TMM") is responsible for the management of the Corporation's investment portfolio in accordance with the terms of a portfolio management agreement made January 1, 2008 (the "Management Agreement") and is to be reimbursed by the Corporation for all expenses reasonably and properly incurred in conducting the Corporation's business and in performing its duties and obligations under the Management Agreement. Additionally, pursuant to the Management Agreement, TMM: (a) is entitled to a quarterly management fee equal to 0.5% of the net asset value of the Corporation calculated as of the last business day of the relevant fiscal quarter; and (b) starting with the Corporation's fiscal year ended December 31, 2008, an annual performance bonus, calculated as of the last business day of the applicable fiscal year, in an amount in respect of each common share that is outstanding as of such day, equal to 20% of the amount, if any, by which the sum of the net asset value per common share as of that date, plus all dividends per common share during that fiscal year, exceeds the greater of $16.34 and the net asset value per common share as of the last business day of the preceding fiscal year. Effective April 1, 2013, TMM agreed to temporarily fix the management fee at $10 per month until February 1, 2014, post February 1, 2014 the management fee was $17 per month, on November 1, 2014 the fixed fee was increased to $20 per month plus GST and will remain at this level until such time as management and the board of directors deem it appropriate to return to the original compensation plan as documented in the Management Agreement.

Effective June 1, 2015, the Company and Jaelky Holdings Inc. ("Jaelky") entered into a consulting agreement. Mr. Andrew Davidson, the Chief Financial Officer of the Company, was and continues to be the sole director and sole voting shareholder of Jaelky. Jaelky is entitled to be paid a consulting fee of $16 plus GST on a monthly basis.

Related party balances
As at December 31, 2015, $84 is payable (2014 – $nil payable) to TMM, which has been included in accounts payable and accrued liabilities.

As of December 31, 2015, $93 is payable (2014 - $nil) to Jaelky, which has been included in accounts payable and accrued liabilities.

8. Convertible debentures

a) On May 26, 2015 the Corporation received debenture holder approval to restructure the terms of the debentures originally issued on June 29, 2011 and July 11, 2011 and restructured on June 6, 2013 (the "original debentures"). Pursuant to the terms of the restructure, the Corporation extinguished the original debentures and issued 18,622,722 common shares, a new $3,104 senior secured convertible debenture (the "revised debentures") and 3,103,795 preferred shares (Series I), with a cumulative annual dividend rate of 2.5%. The preferred shares are redeemable by the Corporation after the third anniversary of the issuance date.

The revised debentures have a 5 year term, maturing June 29, 2020, bear interest from the date of issuance at 2.5% per annum (previously 9%) which, unless the debentures are earlier converted or redeemed in accordance with their terms, interest will be paid on June 29 in each of 2016, 2017, 2018, 2019 and on maturity.

The revised debentures are convertible, at the option of the respective holders, at any time or from time to time prior to 5:00 p.m. (Toronto time) on June 29, 2020, into fully paid, non-assessable common shares of the Corporation at a conversion price of $0.50 per common share.

Subject to certain conditions precedent, the Corporation may redeem the revised debentures prior to maturity at a redemption price equal to their principal amount plus interest accruing to but otherwise unpaid to the date preceding the redemption date.

8. Convertible debentures - continued

The restructuring was accounted for as an extinguishment for accounting purposes, which resulted in a gain on extinguishment of $9,390. The original debentures were derecognized and the revised debentures, preferred shares and common shares were measured at their fair values on the date of the restructuring with an effective interest rate of 12%. The fair value of the revised debentures of $2,041 was estimated using discounted future cash flows, and the difference between the fair value and the principal amount was allocated to the conversion feature in the amount of $1,063. In addition, the $647 fair value of the preferred share cumulative dividend was estimated using discounted future cash flows and was allocated to the debt component of the preferred shares. The residual value of the revised debentures and preferred shares were allocated to equity, and the common shares were valued using the market price at the date of the restructuring. The carrying value of the liability component of the revised debentures as at December 31, 2015 was $2,126 (2014 - $10,962).

b) On December 18, 2015 the Corporation received debenture holder approval to restructure the terms of the debentures originally issued on September 23, 2010 and October 13, 2010 and restructured on June 6, 2013 (the "original debentures"). Pursuant to the terms of the restructure, the Corporation extinguished the original debentures and issued 4,605,979 common shares, a new $1,896 senior secured convertible debenture (the "revised debentures"), $880 in subordinated debentures (Note 9) and 767,663 preferred shares (Series II), with a cumulative annual dividend rate of 2.5%. The preferred shares are redeemable by the Corporation after the third anniversary of the issuance date.

The revised debentures have a 5 year term, maturing December 18, 2020, bear interest from the date of issuance at 2.5% per annum (previously 9%) which, unless the debentures are earlier converted or redeemed in accordance with their terms, interest will be paid on December 18 in each of 2016, 2017, 2018, 2019 and on maturity.

The revised debentures are convertible, at the option of the respective holders, at any time or from time to time prior to 5:00 p.m. (Toronto time) on December 18, 2020, into fully paid, non-assessable common shares of the Corporation at a conversion price of $0.50 per common share.

Subject to certain conditions precedent, the Corporation may redeem the revised debentures prior to maturity at a redemption price equal to their principal amount plus interest accruing to but otherwise unpaid to the date preceding the redemption date.

The restructuring was accounted for as an extinguishment for accounting purposes, which resulted in a gain on extinguishment of $3,411. The original debentures were derecognized and the revised debentures, subordinate debentures, preferred shares and common shares were measured at their fair value on the date of the restructuring with an effective interest rate of 12%. The fair value of the revised debentures of $1,248 was estimated using discounted future cash flows, and the difference between the fair value and the principal amount was allocated to the conversion feature in the amount of $650. In addition, the $160 fair value of the preferred share cumulative dividend was estimated using discounted future cash flows and was allocated to the debt component of the preferred shares. The residual value of the revised debentures and preferred shares were allocated to equity, and the common shares were valued using the market price at the date of the restructuring. The carrying value of the liability component of the revised debentures as at December 31, 2015 was $1,250 (2014 - $4,647).

8. Convertible debentures - continued

	Liability Component		Equity Component
	Face Value	Carrying Value	Carrying Value
Balance at January 1, 2014	$ 17,495	$ 14,943	$ 1,993
Accretion	-	666	-
Balance at December 31, 2014	17,495	15,609	1,993
Accretion - original debentures	-	426	-
Extinguishment of original debentures	(17,495)	(16,035)	(1,993)
Issuance of revised debentures	5,000	3,289	1,713
Accretion - revised debentures	-	87	-
Balance at December 31, 2015	**$ 5,000**	**$ 3,376**	**$ 1,713**

9. Subordinate debentures

On December 18, 2015 as part of the debenture restructure as described in Note 8(b), $881 in subordinated debentures were issued.

The subordinated debentures have a 5 year term, maturing December 18, 2020, bear interest from the date of issuance at 2.5% per annum which, unless the debentures are earlier converted or redeemed in accordance with their terms, interest will be paid on December 18 in each of 2016, 2017, 2018, 2019 and on maturity.

The debentures are convertible, at the option of the respective holders, at any time or from time to time prior to 5:00 p.m. (Toronto time) on December 18, 2020, into fully paid, non-assessable common shares of the Corporation at a conversion price of $0.50 per common share.

	Liability Component		Equity Component
	Face Value	Carrying Value	Carrying Value
Balance at January 1, 2015	$ -	$ -	$ -
Issuance subordinate debentures	880	579	301
Accretion	-	2	-
Balance at December 31, 2015	**$ 880**	**$ 581**	**$ 301**

Subject to certain conditions precedent, the Corporation may redeem the revised debentures prior to maturity at a redemption price equal to their principal amount plus interest accruing to but otherwise unpaid to the date preceding the redemption date.

The fair value of the subordinate debentures of $579 was estimated using discounted future cash flows, and the difference between the fair value and the principal amount was allocated to the conversion feature in the amount of $301. The carrying value of the liability component of the subordinate debentures as at December 31, 2015 was $581.

10. Drilling advances & loans payable

a) The loan payable is secured against the assets of Allstar, bears interest at 7% per annum and is due on demand. As at December 31, 2015, accrued interest on the loan totals $35.

b) On February 12, 2014, the Corporation, through its subsidiary Allstar, announced that it had entered into a binding letter of intent (the "LOI") with Canada Zhong An Energy Investment Ltd. ("Zhong An"). Under the terms of the LOI, Zhong An has made a $2,000 non-refundable drilling deposit that was to be used in drilling two (2) new wells in the Riverside field. These wells have been drilled and completed.

Upon completion of the two well program, Zhong An had the right to finance an additional $10,000 (the "Additional Financing") to drill up to an additional 12 wells at Riverside to earn a 60% interest in all of Allstar's oil and gas properties. During the year ended December 31, 2014, Zhong An formally notified the Corporation that they would not be proceeding with the Additional Financing. Pursuant to the LOI, the original $2,000 drilling deposit is to be converted, at the election of Zhong An, into either a 60% working interest in the two wells drilled or a 10% equity interest in Allstar.

Conversion will be satisfied through completion of a definitive agreement, which will be subject to the negotiation and satisfaction of a number of conditions, including but not limited to, each of the Corporation and Zhong An being satisfied with the results of their respective due diligence investigations and any required regulatory approvals. As at December 31, 2015 and subsequent thereto, the Corporation was awaiting Zhong An's decision in regards to the conversion of its deposit.

11. Decommissioning liabilities

	December 31, 2015	December 31, 2014
Balance, beginning of year	**$ 1,000**	**$ 936**
Additions	-	34
Change in estimate	533	-
Accretion expense	62	30
Balance, end of year	**$ 1,595**	**$ 1,000**

The total of the decommissioning liabilities are estimated based on the Corporation's net ownership interest in all the wells and facilities, the estimated costs to reclaim and abandon the wells and facilities and the estimated timing of the costs to be incurred in future periods. Management of the Corporation has estimated that based on their net ownership interest, the total undiscounted cash flows required to settle the obligations will be $1,587 (2014 - $958). The obligations have been discounted using a risk free rate of 3% (2014 – 3%) and an inflation rate of 2% (2014 – 2%) per year. Most of these obligations are not expected to be paid until approximately 20 years in the future and will be funded from general Corporation resources at that time.

12. Deferred income taxes

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Corporation's deferred assets and liabilities are as follows:

	December 31 2015	December 31 2014
Non-capital and capital loss carryforwards	$ 6,229	$ 4,888
Share issue costs	42	18
Exploration and evaluation assets	119	2
Convertible debentures	(544)	(509)
Property, plant and equipment	907	841
Equity investments	3,223	3,310
Unrecognized deferred tax assets	(9,976)	(8,550)
Deferred income tax (liability)	**$ -**	**$ -**

The provision for income tax, both current and deferred, differs from the amount calculated by applying the combined expected federal and provincial rate to profit before taxes. The reasons for these differences are as follows:

	December 31 2015	December 31 2014
Income (loss) for the year before income taxes	$ 7,448	$ (17,406)
Expected income tax expense (recovery)	2,023	(4,699)
Share based payments	20	22
Accreted discount on debt	145	180
Non-taxable portion of capital gains	-	-
Non-taxable portion of unrealized losses	(3,183)	1,124
Non-taxable gain on extinguishment of convertible debentures	-	-
Other	(115)	22
Change in unrecognized deferred income tax	1,218	2,350
	$ 108	**$ (1,001)**

12. Deferred income taxes - continued

As of December 31, 2015 the Corporation has approximately the following tax pools available as a deduction from future income at the prescribed tax rates. These tax pools are subject to confirmation by income tax authorities:

	December 31 2015	December 31 2014
Non-capital losses carried forward	$ 18,851	$ 15,406
Capital losses carried forward	1,459	2,860
Property plant and equipment	2,867	3,937
Convertible debentures and preferred shares	(1,212)	(1,885)
Share issue costs	151	65
Investments	23,751	24,265
Cumulative Canadian exploration and development expenses	3,001	5,755
	$ 48,868	**$ 50,403**

As of December 31, 2015 the Corporation has non-capital losses of $18,851 (2014 - $15,406) available to carry forward to reduce future years' taxable income with expiration ranging from 2027 to 2035.

Tax attributes are subject to review, and potential adjustment, by tax authorities.

13. Common shares, preferred shares and contributed surplus

Authorized:

An unlimited number of voting common shares without par value, an unlimited number of non-voting first preferred shares (Series I) with a redemption value of $1, and an unlimited number of non-voting first preferred shares (Series II) with a redemption value of $1. All shares are fully paid.

Issued and outstanding

On October 29, 2014, the Corporation completed a non-brokered rights offering whereby one right was issued for each common share outstanding. Four rights and $0.30 entitled the holder to receive one unit. 3,538,769 units were issued, for gross proceeds of $1,062. Each unit was comprised of one common share of the Corporation and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share of the Corporation at an exercise price of $0.30 per warrant share for a period of 24 months. In connection with the financing the Corporation incurred share issue costs of $69.

During the year ended December 31, 2014, Gespeg completed a series of private placement financings whereby it issued a total of 17,120,000 units at $0.05 per unit for gross proceeds of $856. The Corporation participated in one of the financings, acquiring 500,000 units for proceeds of $25.

On May 26, 2015 the debenture holders approved a restructure plan whereby the Corporation issued 18,622,772 common shares and 3,103,795 first preferred shares (Series I) (Note 8). The estimated value allocated to the equity component of each were $2,049 and $2,457, respectively.

13. Common shares, preferred shares and contributed surplus - continued

On December 18, 2015 the debenture holders approved a restructure plan whereby the Corporation issued 4,605,979 common shares and 767,663 first preferred shares (Series II) (Note 8). The estimated value allocated to the equity component of each were $299 and $607, respectively.

	Common shares			Preferred shares		
	Quantity		Amount	Quantity		Amount
Balance at January 1, 2014	21,053	$	65,871	-	$	-
Rights offering	3,539		689	-		-
Share issue costs	-		(69)	-		-
Balance at December 31, 2014	24,592	$	66,491	-	$	-
Balance at January 1, 2015	24,592	$	66,491	-	$	-
2011 debenture restructure	18,623		2,049	3,104		2,457
2010 debenture restructure	4,606		299	767		607
Balance at December 31, 2015	47,821	$	68,839	3,871	$	3,064

The first preferred shares are convertible at the option of the holder into common shares at a conversion price of $0.50 per common share and were valued at issuance at $1.00 per preferred share. The preferred shares bear a cash dividend at the rate of 2.5% payable annually in arrears.

The Corporation also has a normal course issuer bid under which it can buy back its own common shares.

Stock option plan

The directors of the Corporation have adopted, and the shareholders have approved a stock option plan (the "2008 Option Plan"), pursuant to which the directors may from time to time grant options for up to 10% of its issued and outstanding shares, all options vest immediately upon issuance. The purpose of the 2008 Option Plan is to attract, retain and motivate directors, employees and consultants of the Corporation and its subsidiaries and to advance the interests of the Corporation by providing such persons with the opportunity, through stock options, to acquire an equity interest in the Corporation.

A summary of the status of the 2008 stock option plan and changes to outstanding and exercisable stock option during the year is presented below.

	December 31, 2015			December 31, 2014		
	Options		Price	Options		Price
Beginning of year	1,750,000	$	0.35	1,810,000	$	1.09
Options forfeited	-		-	(60,000)		0.50
Options forfeited	-		-	(75,000)		0.30
Options granted	1,350,000		0.07	75,000		0.35
End of year	**3,100,000**	**$**	**0.24**	**1,750,000**	**$**	**0.35**

As at December 31, 2015, the weighted average remaining life of stock options is 7.97 years (2014 – 7.46 years).

On December 1, 2015, the board of directors of the Corporation approved the grant of 1,350,000 stock options pursuant to the 2008 Option Plan. 950,000 of the options were granted to directors and executive officers with the balance granted to employees and consultants. The options are exercisable at $0.07 per share, vest immediately and, if not exercised, expire December 1, 2025, subject to earlier expiration in accordance with the 2008 Option Plan and applicable policies of the TSX-V.

13. Common shares, preferred shares and contributed surplus - continued

Stock option plan - continued

The value of options issued on December 1, 2015, using the Black-Scholes option pricing model, was $74 which was allocated to the share based compensation expense with a corresponding increase in contributed surplus. Assumptions used in the pricing model for the year are as follows: risk-free interest rate of 1.25%, expected life of options 10 years, annualized volatility 107.76% and dividend rate of nil.

On July 9, 2014, 635,000 related Corporation employee and consultant options were modified. The exercise prices of some options were reduced to $0.50, with no change in the expiry date. The incremental fair value of the modification, using the Black-Scholes option pricing model, was calculated to be $60 and is included in share-based payment expense and contributed surplus. 395,000 options were owned by Officers or Directors, with a $37 incremental fair value of the modification.

On February 21, 2014, the board of directors of the Corporation approved the grant of 75,000 stock options pursuant to the 2008 Option Plan to a director of the Corporation. The options are exercisable at $0.35 per share, vest immediately and, if not exercised, expire February 21, 2024, subject to earlier expiration in accordance with the 2008 Option Plan and applicable policies of the TSX-V.

The value of options issued on February 21, 2014, using the Black-Scholes option-pricing model, was $21 which was allocated to share based compensation expense with a corresponding increase in contributed surplus. Assumptions used in the pricing model for the year are as follows: risk-free interest rate of 2.86%, expected life of options 10 years, annualized volatility 95.94% and dividend rate of nil.

Warrants

A summary of the outstanding warrants is as follows:

	December 31, 2015			December 31, 2014		
	Warrants		Price	Warrants		Price
Outstanding and Exercisable, beginning of year	3,538,769	$	0.30	-	$	-
Warrants issued	-		-	3,538,769		0.30
Outstanding and Exercisable, end of year	**3,538,769**	**$**	**0.30**	**3,538,769**	**$**	**0.30**

On October 29, 2014, the Corporation issued 3,538,769 share purchase warrants as part of a financing completed. Each warrant entitles the holder to purchase one common share of the Corporation at a price of $0.30 for a period of 24 months and vested immediately. In accordance with the Corporation’s accounting policy in regards to unit bifurcation, the Corporation calculated the relative fair value of these warrants at $373. Assumptions used in the Black-Scholes option pricing model were as follows: dividend yield 0%, expected volatility of 102.35%, and a risk free interest rate of 1.05%. These warrants expire on October 29, 2016.

13. Common shares, preferred shares and contributed surplus - continued

Contributed surplus

A summary of the contributed surplus activity is as follows:

	December 31, 2015	December 31, 2014
Balance, beginning of year	$ 4,117	$ 3,123
Fair value of stock options granted	74	82
Share based payments	-	4
Warrants issued	18	373
Change in ownership of subsidiary	495	535
Balance, end of year	**$ 4,704**	**$ 4,117**

During 2014, a consolidated subsidiary completed a financing of which the Corporation and its associates did not participate in, effectively reducing the Corporation and its associate`s ownership percentage in the subsidiary. The change in ownership of subsidiary adjustment above reflects the net book value of the ownership dilution.

During 2015, a consolidated subsidiary completed a financing of which the Corporation and its associates did not participate in, effectively reducing the Corporation and its associate`s ownership percentage in the subsidiary. The change in ownership of subsidiary adjustment above reflects the net book value of the ownership dilution.

During 2015, a consolidated subsidiary issued shares pursuant to an option agreement, effectively reducing the Corporation and its associate`s ownership percentage in the subsidiary. The change in ownership of subsidiary adjustment above reflects the net book value of the ownership dilution.

EPS and diluted EPS

Basic EPS is calculated by dividing the net income (loss) for the year by the weighted average number of common shares outstanding during the year.

Diluted EPS is determined by dividing the profit or loss attributable to common shareholders by the weighted average number of common shares outstanding, adjusted for the effects of all potential dilutive common shares related to stock options, warrants, convertible and subordinate debentures and convertible preferred shares issued by the Company.

13. Common shares, preferred shares and contributed surplus - continued

EPS and diluted EPS – continued

	December 31, 2015	December 31, 2014
Net income (loss) attributable to common shareholders	7,654	$ (15,957)
Weighted average number of common shares - basic	35,623,647	21,866,953
Weighted average number of common shares - diluted	36,048,113	21,866,953
Basic earmings (loss) per common share - basic	$ 0.21	$ (0.73)
Basic earnings (loss) per common share - diluted	$ 0.21	$ (0.73)

The Corporation's stock options were the only equity instrument with a dilutive effect during the year ended December 31, 2015.

Shareholder rights plan
The directors of the Corporation have approved a shareholder rights plan ("Rights Plan"). In the event a bid to acquire control of the Corporation is made, the Rights Plan is designed to give the directors of the Corporation time to consider alternatives to allow shareholders to receive full and fair value for their shares. In the event that a bid, other than a permitted bid, is made, shareholders become entitled to exercise rights to acquire common shares of the Corporation at a significant discount to the market price.

14. Commitments

The Corporation, through its subsidiary North Rim, has operating lease commitments related to equipment and office space of $192 in total over the next year.

Although the Corporation has taken steps to verify title to the properties on which it is conducting exploration and development activities and in which it has an interest, in accordance with industry standards for the current stage of exploration and development of such properties, these procedures do not guarantee the Corporation's title. Property title may be subject to Government licensing requirements or regulations, unregistered prior agreements, unregistered claims and non-compliance with regulatory and environmental requirements.

15. Capital management

The Corporation's objectives when managing capital are:

(a) to ensure that the Corporation maintains the level of capital necessary to meet the requirements of its brokers and bank;
(b) to allow the Corporation to respond to changes in economic and/or marketplace conditions by maintaining the Corporation's ability to purchase new investments;
(c) to provide sustained growth and value by increasing equity; and,
(d) to maintain a flexible capital structure which optimizes the cost of capital at acceptable levels of risk.

15. Capital management - continued

The Corporation manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. The Corporation maintains or adjusts its capital level to enable it to meet its objectives by:

(a) realizing proceeds from the disposition of its investments;
(b) creating cash flow from its oil & gas operations;
(c) utilizing leverage in the form of margin (due from brokers);
(d) raising capital through equity financings;
(e) borrowing funds in the form of advances from related parties; and,
(f) purchasing the Corporation's own shares for cancellation pursuant to its normal course issuer bid.

The Corporation was subject to financial covenant calculations in conjunction with its former operating line of credit. Specifically, the Corporation was required to maintain a quick ratio of not less than 10:1 reported bi-weekly, a current ratio of not less than 1.50:1 reported quarterly and maintain a tangible net worth of not less than $25,000 reported annually. The Corporation was not in compliance with the quick ratio, current ratio or tangible net worth and, in anticipation of such, the Corporation repaid the line of credit and has maintained a cash balance since. There is no effect on the consolidated financial statements, however the Corporation's ability to use the $1,500 line of credit is limited, if at all. During the year ended December 31, 2015, the Corporation requested cancellation of its operating line of credit.

The Corporation is not subject to any capital requirements imposed by a regulator. There were no changes in the Corporation's approach to capital management during the year. The Corporation's management is responsible for the management of capital and monitors the Corporation's use of various forms of leverage on a daily basis.

16. Financial instruments and risk management

The investment operations of the Corporation's business involve the purchase and sale of securities and, accordingly, a significant portion of the Corporation's assets are currently comprised of financial instruments. The use of financial instruments can expose the Corporation to several risks, including market, credit, interest rate, commodity price and liquidity risks. A discussion of the Corporation's use of financial instruments and their associated risks is provided below.

(a) Liquidity risk:

Liquidity risk is the risk that the Corporation will have insufficient cash resources to meet its financial obligations as they come due. The Corporation's liquidity and operating results may be adversely affected if the Corporation's access to the capital markets is hindered, whether as a result of a downturn in stock market conditions, generally or related to matters specific to the Corporation, or if the value of the Corporation's investments decline, resulting in losses upon disposition.

The Corporation generates cash flow primarily from its financing activities and proceeds from the disposition of its investments, in addition to interest and dividend income earned on its investments.

The Corporation may use financial leverage (or "margin") when purchasing investments. Trading on margin allows the Corporation to borrow part of the purchase price of the investments (using marginable investments as collateral), rather than pay for them in full. Buying on margin allows the Corporation to increase its portfolio size by increasing the number and amount of investments through leverage. However, if the market moves against the Corporation's positions and the Corporation's investments decline in value, the Corporation may be required to provide additional funds to its brokers.

16. Financial instruments and risk management - continued

(a) Liquidity risk: - continued

Given the nature of the Corporation's business, the Corporation may not have sufficient cash on hand to meet margin calls and may be required to liquidate investments prematurely and/or at a loss, in order to generate funds needed to satisfy the Corporation's obligations.

The Corporation has at times borrowed funds from other sources to meet its obligations, but there can be no assurances that such funds will be available in the future, or available on reasonable terms, and the absence of available funding and/or the sale of the Corporation's investments in order to meet margin calls could have a materially adverse impact on the Corporation's operating results. The Corporation manages liquidity risk by reviewing the amount of margin available, and managing its cash flow. The Corporation holds investments which can be readily converted into cash when required.

(b) Market risk:

Market risk is the risk that the fair value of, or future cash flows from, the Corporation's financial instruments will significantly fluctuate because of changes in market prices. The value of the financial instruments can be affected by changes in interest rates, equity and commodity prices. The Corporation is exposed to market risk in trading its investments and unfavorable market conditions could result in dispositions of investments at less than favorable prices.

The Corporation manages market risk by having a portfolio which is not singularly exposed to any one issuer or class of issuers. The Corporation's investment activities are currently concentrated primarily across several sectors in the natural resource industry, including potash, oil and gas, coal, precious metals, base metals, uranium, diamonds and other commodities.

(c) Interest rate risk:

Interest rate risk is the impact that changes in interest rates could have on the Corporation's earnings and liabilities. As at December 31, 2015 and 2014, the Corporation had no liabilities payable that bear interest at rates fluctuating with the prime rate.

(d) Credit risk:

Credit risk is the risk associated with the inability of a third party to fulfill its payment obligations. The Corporation is exposed to the risk that third parties that owe it money or securities (in connection with its loans receivable, for example) will not perform their underlying obligations.

The Corporation's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Corporation's customer base, including the default risk of the industry in which the customers operate, as these factors may have an influence on credit risk, particularly in the current economic circumstances. Geological and other consulting revenue consists of approximately 38% (2014 – 34%) of revenue attributable to sales transactions with a single customer.

Management has established a credit policy under which each new customer is required to pay a retainer prior to rendering services.

At December 31, 2015 the Corporation had loans and advances receivable and accounts receivable and prepaid expenses from companies, totaling $5,644 (2014 - $3,607) which represents approximately 23.7% (2014 – 14.5%) of the Corporation's total assets. As at December 31, 2015 an impairment loss of $nil (2014 – $82) and an allowance for doubtful accounts provision of $nil (2014 – $nil) was recorded.

16. Financial instruments and risk management - continued

(e) Commodity price risk:
Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for petroleum and natural gas are impacted not only by the relationship between the Canadian and United States dollar, but also by world economic events that dictate the levels of supply and demand.

In the past, and from time to time, the Corporation has attempted to mitigate a portion of its commodity price risk through the use of the futures contract, as at December 31, 2015 and 2014 – all futures contracts have been disposed.

(f) Fair value:
The fair value of the Corporation's financial assets and liabilities approximate their carrying values unless otherwise disclosed in the accounting policies.

Fair value hierarchy and determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Corporation and its subsidiaries uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The fair value of the financial instruments is included at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described, as follows, based on the lowest-level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest-level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest-level input that is significant to the fair value measurement is unobservable

16. Financial instruments and risk management - continued

(f) Fair value: - continued

For assets and liabilities that are recognized in the financial statements on a recurring basis at fair value, the Corporation determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest-level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Corporation assets that are recognized at fair value on a recurring basis are the equity investments.

The following is a summary of the fair value of investments segregated based on the various levels of inputs, as discussed in Note 2:

	Level 1	Level 2	Level 3	Total
Equity investments, at fair value	**$ 3,505**	**$ -**	**$ 697**	**$ 4,202**

For the year ended December 31, 2015, a reconciliation of investments measured at fair value using unobservable inputs (Level 3) is presented as follows:

Beginning balance as at December 31, 2014	$1,417
Dissolution & liquidation of cash	(69)
Fair value adjustments	(651)
Balance at December 31, 2015	**$ 697**

Within Level 3, the Corporation includes private company investments. The key assumptions driving the valuation of these instruments include, but are not limited to, the value at which a recent financing was completed by the investee, significant changes in general market conditions and company specific information. For those investments valued based on general market condition and company specific information, these inputs can be highly judgmental. A +/- 25% change in the fair value of these investments will result in a corresponding +/- $229 (2014 - $952) change to the total fair value of the investments. While this illustrates the overall effect of changing the values of the unobservable inputs by a set percentage, the significance of the impact and the range of reasonably possible alternative assumptions may differ significantly between investments, given their different circumstances.

The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions and its results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair value of these investments. Furthermore, the analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Corporation's view of expected future changes in the fair value of these investments. Any management actions that may be taken to mitigate the inherent risks are not reflected in this analysis.

17. Events after the reporting period

Subsequent to the year end, the Corporation announced disposition of its 50% interest in North Rim, a consolidated subsidiary, for cash consideration of approximately $950. The transaction closed on April 1, 2016.

Subsequent to year end, the shareholders of Westcore approved the transaction to acquire all of the oil and gas properties of Allstar, which included certain working interests held by the Corporation. The transaction is awaiting exchange approval and is expected to close in the second quarter of 2016 (Note 6).

Subsequent to year end, the Corporation sold its 50% working interest with a private Saskatchewan oil and gas corporation (Note 6).

18. Supplemental cash flow information

The following table summarizes the net changes in non-cash working capital items related to operating activities:

		2015		**2014**
Loans and advances receivable	$	59	$	39
Income taxes receivable/ payable		(14)		132
Accounts receivable and prepaid expenses		(2,096)		(2,815)
Accounts payable and accrued liabilities		2,645		129
	$	**594**	**$**	**(2,515)**
Cash and cash equivalents consists of:				
Cash	$	1,010	$	2,248
Cash equivalents		-		448
	$	**1,010**	**$**	**2,696**

19. Comparatives

Certain of the comparative figures have been reclassified to conform with the current year’s presentation.

20. Segmented information

The Corporation is a resource investment, financial, managerial and geological advisory entity which, as its principal business, invests in a diversified portfolio of shares and other securities of resource issuers including, without limitation, resource issuers engaged in mineral or oil and gas exploration and development, with a view to achieving capital appreciation of the portfolio. The Corporation has four reportable segments: Resource investment, extractive and geological advisory in Canada and brokerage services in the United Kingdom ("UK").

As at and for the year ended December 31, 2015	Resource Investment	Geological Advisory	UK Brokerage	Extractive Industries	Total
Total assets	**$ 4,515**	**$ 5,640**	**$ 161**	**$ 13,498**	**$ 23,814**
Total liabilities	**$ 5,932**	**$ 4,288**	**$ 35**	**$ 6,289**	**$ 16,544**
Capital expenditures	**$ -**	**$ -**	**$ -**	**$ 652**	**$ 652**
Revenues					
Geological and other consulting	$ 60	$ 11,206	$ 237	$ -	$ 11,503
Oil and gas sales	-	-	-	529	529
Realized gains (losses) gains on porfolio investments	(1,065)	-	-	4	(1,061)
Unrealized gains (losses) on portfolio investments	423	-	48	(3)	468
Interest and dividend income	94	200	-	4	298
	(488)	**11,406**	**285**	**534**	**11,737**
Expenses					
Amortization and depletion	25	31	-	25	81
Business and investor relations	182	20	-	198	400
Finance	1,514	3	-	99	1,616
General and administration	263	244	153	505	1,165
Management fees	372	-	-	45	417
Oil and gas operations	-	-	-	801	801
Professional fees	180	339	-	162	681
Project costs on geological and other consulting activities	-	9,302	20	-	9,322
Share based compensation	74	-	-	-	74
Transaction costs	28	-	-	-	28
Wages and benefits	171	878	-	-	1,049
	2,809	**10,817**	**173**	**1,835**	**15,634**
Gain on debenture extinguishment	12,801	-	-	-	12,801
Loss on disposal of property, plant and equipment	(7)	-	-	-	(7)
Writedown - exploration and evaluation assets	-	-	-	(29)	(29)
Writedown - property, plant and equipment	-	-	-	(1,420)	(1,420)
Income (loss) before income taxes	**9,497**	**589**	**112**	**(2,750)**	**7,448**
Current income tax expense	-	(90)	(18)	-	(108)
Net income (loss) and comprehensive income (loss)	**$ 9,497**	**$ 499**	**$ 94**	**$ (2,750)**	**$ 7,340**

20. Segmented information (reported in thousands of Canadian dollars) (continued)

As at and for the year ended December 31, 2014	Resource Investment	Geological Advisory	UK Brokerage	Extractive Industries	Total
Total assets	**$ 6,790**	**$ 3,650**	**$ 89**	**$ 14,303**	**$ 24,832**
Total liabilities	**$ 17,680**	**$ 2,674**	**$ 56**	**$ 5,140**	**$ 25,550**
Capital expenditures	**$ -**	**$ 20**	**$ 2**	**$ 3,889**	**$ 3,911**
Revenues					
Geological and other consulting	$ 60	$ 12,173	$ 252	$ -	$ 12,485
Oil and gas sales	-	-	-	142	142
Realized losses on windup of subsidiaries	(145)	-	-	-	(145)
Realized (losses) gains on porfolio investments	(206)	37	-	-	(169)
Unrealized losses on portfolio investments	(2,154)	(27)	-	-	(2,181)
Interest and dividend income	1,008	222	-	10	1,240
	(1,437)	**12,405**	**252**	**152**	**11,372**
Expenses					
Amortization and depletion	33	41	-	32	106
Business and investor relations	188	30	-	248	466
Finance	2,250	6	-	(97)	2,159
General and administration	290	517	225	617	1,649
Management fees	203	-	-	24	227
Oil and gas operations	-	-	-	94	94
Professional fees	138	539	-	161	838
Project costs on geological and other consulting activities	-	9,848	26	6	9,880
Share based compensation	81	-	-	5	86
Transaction costs	19	-	-	-	19
Wages and benefits	440	1,366	-	21	1,827
	3,642	**12,347**	**251**	**1,111**	**17,351**
Writedown - property, plant and equipment	-	-	-	(2,117)	(2,117)
Writedown - exploration and evaluation assets	-	-	-	(9,310)	(9,310)
Income (loss) before income taxes	**(5,079)**	**58**	**1**	**(12,386)**	**(17,406)**
Current income tax expense	-	(11)	-	-	(11)
Deferred income tax recovery	-	-	-	1,012	1,012
Net income (loss) and comprehensive income (loss)	**$ (5,079)**	**$ 47**	**$ (1)**	**$ (11,374)**	**$ (16,405)**

21. Material partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests are provided below:

Proportion of equity interests held by non-controlling interests			
Name	**Jurisdiction**	**2015**	**2014**
Omineca	British Columbia	35.7%	30.4%
North Rim	Saskatchewan	50%	50%
Gespeg	British Columbia	67.8%	63.8%
Accumulated balances of material non-controlling interests			
Omineca		$503	$387
North Rim		$979	$912
Gespeg		$413	$876
Profit (loss) allocated to material non-controlling interests			
Omineca		$(325)	$(254)
North Rim		$249	$24
Gespeg		$(238)	$(218)

The summarized financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

Summarized financial information for 2015			
	Omineca	**North Rim**	**Gespeg**
Assets	$7,371	$5,640	$5,285
Liabilities	$6,798	$4,288	$258
Revenues	$ -	$11,406	$ -
Expenses	$906	$10,817	$353
Cash flows from:			
Operations	$(316)	$160	$(191)
Financing	$ 259	$(120)	$299
Investing	$(389)	$(52)	$(88)

Summarized financial information for 2014			
	Omineca	**North Rim**	**Gespeg**
Assets	$7,492	$3,650	$5,285
Liabilities	$6,257	$2,674	$249
Revenues	$ -	$12,405	$ -
Expenses	$814	$12,347	$357
Cash flows from:			
Operations	$(382)	$(1,818)	$(437)
Financing	$ -	$(4,967)	$631
Investing	$(301)	$60	$(127)